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FM AMEMBASSY MUSCAT
TO RUEHC/SECSTATE WASHDC 8288
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L MUSCAT 000522

SIPDIS

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STATE FOR NEA/ARP, EEB/IFD/OMA
TREASURY FOR VALVO
COMMERCE FOR COBERG

E.O. 12958: DECL: 05/28/2017
TAGS: [EFIN](#) [ECON](#) [PREL](#) [MU](#)
SUBJECT: OMAN TO MAINTAIN DOLLAR PEG

REF: A. MUSCAT 216

[1](#)B. MUSCAT 56

Classified By: Acting DCM Eric Carlson for Reasons 1.4 (b, d)

[1](#)1. (C) On May 27, Econoff confirmed with Central Bank of Oman Examination Manager Mansour al-Raisi that the Omani government remains committed to maintaining its dollar peg after Kuwait's recent decision to utilize a basket of currencies for valuation purposes. Raisi stated that the Central Bank would continue its policy of linking the Omani rial solely to the dollar, as reaffirmed by the institution's representatives during the last GCC central bankers meeting held in Kuwait. He noted that the Kuwaiti government's decision caught Omani officials off-guard, including Omani Central Bank Executive President Hamood Sangour al-Zadjali, who publicly expressed his surprise at the move in light of the previous joint commitment made by GCC members to peg their currencies to the dollar.

[1](#)2. (C) Asked what impact Kuwait's announcement would have on the proposed GCC currency union, Raisi replied that despite Kuwaiti efforts to downplay the impact of its decision on the project, there were "serious concerns" in the GCC banking community about the ability of participating states to formalize the union by 2010. The Omani banker reiterated Oman's stance that it will remain on the sidelines during the formation of the union, and predicted that other GCC states would eventually begin to call into question the feasibility of the proposed implementation date.
GRAPPO